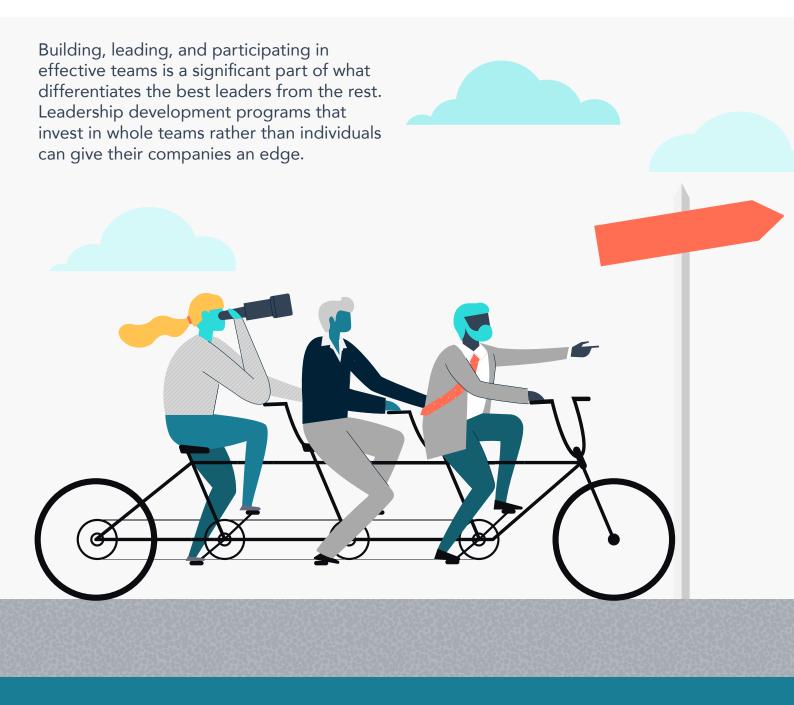
#### **HEIDRICK & STRUGGLES**

#### ARTICLE

# Making leadership development a team sport



This article is one in an ongoing series of articles, discussions, and interviews exploring how leaders are building lasting competitive advantage by treating their leadership pipeline as a strategic asset.

Companies are finding it ever harder to attract and retain the talent they need at any level, including leadership. A recent survey we conducted found that 76% of executives are very or entirely open to changing companies in the next one to three years.<sup>1</sup> Retention, therefore, is key. And employees value career development opportunities: 92% of respondents to the same survey chose some option related to promotion or development as a tactic that would encourage them to stay. Companies, therefore, need to pay more attention than ever to developing the skills and capabilities of their current and potential future leaders.

Our recent work highlights the fact that developing leaders in ways that include a focus on teams and the power of complementary strengths can give companies the best chance of having the leaders they need for the near- and longerterm. Leadership development has traditionally been focused on individuals as leaders, designed to help people lead organizations and effectively manage others. But this model has left out an important step between the leader and the organization: the team. More often, executive teams are inherited, or built through individual promotions up the ranks, rather than by starting with the purpose of a given team, at a given time, in service of delivering the current strategy.

Yet the ability of an executive team as a whole to lead effectively is increasingly crucial to the success of a company because the expectations of employees, other stakeholders, and society at large are multiplying in a volatile environment. Effective leadership teams can scale, sometimes exponentially, the effectiveness of individual leaders by broadening what they know, building trust that percolates throughout the organization, and maintaining alignment on purpose and goals. The idea of working in teams is also applicable to collaboration in broader ecosystems to meet broader goals.

### Some companies are beginning to put teams at the core of their executive development

One important difference in thinking about leadership this way is that, as in any team sport, it requires playing to the strengths of each team member, encouraging and enabling each to bring their best self to the team in order to succeed. The first step is gaining a clear understanding of each executive's skillsets and capabilities.<sup>2</sup> Second, it takes a clear understanding of the work the executive team is meant to do—and the work that only this team, and only together, can do. Third, it takes a coach: a senior leader who is skilled at creating a plan and a focus and who works to empower and build trust between players, turning talented individuals into a cohesive, high-performing team. In our experience, great teams focus on team development in a similar way sports teams do: using a coach and a coaching development program. Development in this context can take the form of experiential learning, in which teams of executives attack strategic problems together in the context of learning new capabilities.

2 Cynthia Emrich, Steven Krupp, and Amy Miller, "Developing future-ready leaders: From assessments to strategically aligned learning," Heidrick & Struggles, heidrick.com.

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<sup>1</sup> Heidrick & Struggles proprietary survey of 250 executives in six countries conducted online in spring 2023.

Strong coaches focus on dynamics and flows, trust and pace, intersections and boundaries. They can instill a high level of belief in team success and an understanding that it doesn't matter if someone is the best on their own. Conversely, if someone is destructive to the team, no matter if they are the star player, they need to go. And, just as no athletic team can be successful if every player has the same position on the field, or all are good catchers but none can pitch, for example, diverse teams in corporations, in terms of identity and experience, are better equipped to deliver, beginning to end. The best team leaders and members know each other's talents as well as their own and can build on them in order to help their teams and organizations succeed, whether that organization is a football club or an industrial company.

Drawing from our work with companies around the world, we have distilled some questions leaders can ask themselves as they seek to develop themselves and others within and alongside their teams.



### Where leaders and teams should focus first: Questions leaders should ask themselves

When deciding where to start, we have found it helpful for leaders to ask questions in the following five areas: **curiosity, courage, connection, commitment,** and **collaboration**.

#### Five areas to focus first



#### Curiosity

- Do you know yourself and what you bring to the team?
- Do you understand what areas of expertise and leadership capabilities will make your team more effective?
- Do you seek out diverse and alternative views and see challenges as a positive way to raise the game and get to better outcomes?



#### Courage

- Have you stepped out of the old ways of doing things? Are you comfortable thinking in innovative ways and moving beyond old solutions for new problems?
- Are you bold in your decision making and do you ensure that all team members see all decisions as signposts of the path forward?
- Are you and your team disciplined in your decision making? Do team members have the courage to dissent when decisions or process don't align with goals or purpose?
- Do you create the space for others to lead?

#### Connection

- Are you working to build connections within the team and to other teams, to build momentum and energy toward the organizational goal?
- Are you comfortable with the reality that teams will evolve over time and confident in your ability to draw on the strengths within your network to form and reform teams?



#### Commitment

- Is your commitment to your team's shared purpose evident in what you do—and don't do?
- Are your commitments well understood both within the team and externally—both within the organization and outside it?
- Do you team members support each other and hold each other to account for reaching your shared intention and ambition?



#### Collaboration

- Are the individual roles and responsibilities of each team member well understood by all?
- Are those roles and responsibilities designed to help the team meet its own, and the organization's, purpose and goals?
- Do all the team members know and value what their peers bring to the team and how they can accelerate the team's performance together?
- Are you working to connect those working in a hybrid or virtual world with those working in your office?

### How leadership teams shift with shifting priorities

Looking at team composition in the context of a clear team purpose enables leaders and team members to be more thoughtful about who is on the team, what they and every other member bring to the team, what only this team can deliver, and how and why they come together to do so. Looking at team composition in the context of a clear team purpose—or rethinking that purpose in the case of change or hardship—enables leaders and team members to be more thoughtful about who is on the team, what they and every other member bring to the team, what only this team can deliver, and how and why they come together to do so. Sophisticated teams will know when it is time to shift the composition of the team to deliver on the purpose and be able to separate the people from the roles needed in the team, knowing that team members will step in and out over time. This understanding builds not just the interconnectedness of the top team but feeds down through the organization.

#### **Purpose for team alignment**

At one company we're familiar with, most of the leadership team took their value and identity from managing a P&L and having large teams and were rewarded for their individual P&L status; that's what got visibility at the executive committee level and respect from peers. But the company needed to transform, and the fastest way to growth was through deepening their relationships with existing customers. The operational delivery needed to be seen as providing the fuel for strategic transformation rather than a goal in itself. In that context, leaders who held crossorganizational customer relationships were needed on the executive committee, while those who delivered operational capability joined a team focused on driving execution. In addition, to ensure that all teams members were focused on building deep client relationships, the incentive structure was changed from individual P&L to success to a team incentive—they all won together or they did not win at all.

#### Putting the right people in the right roles

A start-up's founder and partner (but not the CEO) remained on the senior executive team through several rounds of funding. However, there was a moment when significant funding came in and he needed to pivot to product development. At that time, he focused on the fact that the executive team had kept growing, which had, over time, muddled its purpose. The team was spending time on operational updates, issues, and risks that should have been owned at the operational levels-which were also growing. The founder suggested to the CEO that the company would benefit from building different leadership teams for the new purpose. The top team was split into four teams and the founder stepped down from the executive team. The first team defined its purpose as focusing on transformation and growth; the second team became the operational team comprised of a site build team and an operational team focused on product delivery; the new technical team focused on building operational capability at pace; and the fourth team became a product marketing team. The teams were interconnected, and the connections the individual team members had formed on the original team underpinned the next stage of growth. Through reviewing the original team's purpose, and reviewing its composition, they were able to make all of the company's leaders comfortable with the idea that this was a necessary shift and that, in time, composition might need to shift again.

#### Trust is the foundation of all great teams

A high-performing lawyer on the verge of burnout worked with her team to understand their dynamics and found that low trust on the team and poorquality interactions were leading to the leader's inability to let her objectively highly capable senior team members lean in. With this knowledge, the leader was able to hit reset with the team, first aligning on what they were there to deliver and then looking at themselves to share how they each contribute to deliver the outcomes. Through this process, they were able to connect with each other in service of the work they needed to do and build the trust foundations that were required to deliver on their goals.

### How some companies are moving toward a new way of developing leaders

To move toward this new way of developing leaders as teams rather than individuals, CEOs and other senior team leaders first need to identify highperforming executives who are self-aware enough to know they have skills in need of development or have gaps in their skill set that might be filled by other team members, and want to learn and build a team that shares the leadership responsibility in ways that unlock the power of the executive teams and the teams they lead. This cannot be an exercise or initiative confined to HR or the team leader alone, though HR may facilitate the process. To really unlock the power of the team, all team members must play their part to develop the team. Then, companies can start to apply the lessons below; where to start will depend on each company's specific concerns about its teams.

### Reigniting the power of the team: The sum of the diverse parts is greater than that of the whole

A fast-moving consumer goods divisional executive of a \$2.5 billion pan-African business saw that his team was at a low point in terms of both finances and the overall team health and relationships. They had fallen far behind on their targets, the team's star player was working only for himself—and others saw their leader as always siding with him—and the team was largely misaligned with headquarters in terms of both business and cultural goals. All of these factors contributed to a sub-optimal performance. The divisional leader, recognizing the need to realign the team members with each other and with the organization as a whole, created a team development journey to build faith that the team could perform well; surface the persistent, underlying issues undermining performance; and align the team with its major stakeholders, both internal and external.

Using team-coaching assessments, tools, and exercises, the team was able to turn things around. Not long after, the team had delivered on expectations, shaped a winning team culture, and aligned with stakeholders and company headquarters. With those strengths, they managed to head off significant unforeseen challenges: the economy, Covid-19 disruption, and societal unrest. Finally, the team established a strong working contract and game plan, first in the division and then with the broader organization and external stakeholders. The plan is essentially a working contract, with "Bes" describing ideal behaviors and mindsets; "Dos" describing their big bets and organizational actions; and "Haves" describing the desired results. The team has since cemented its consistently improved performance.<sup>3</sup>

## Going back to basics: Shared purpose, shared leadership, and open communication

Building transparency around the team's unique role and shared purpose as well as about *why* each person is on the team will reinforce the value of each individual and build a sense of belonging. A shipping company that had been acquired by a private equity firm, for example, comprised of a large number of different businesses; to meet the new owner's goals and ambitious growth targets required cross selling. But the existing leadership team consisted of people who had always been rewarded for running their own businesses. The PE investors made it clear that this dynamic would no longer work. However, at first, the CEO of the largest business fought the shift—his identity was too tied up in his particular role. But through coaching and aligning on the shared organizational purpose, he was able to see that he had a strong operational leader to take the business unit forward and that his value to the business was in building the relationships and connections across the business.

Building transparency around the team's unique role and shared purpose as well as about *why* each person is on the team will reinforce the value of each individual and build a sense of belonging.

<sup>3</sup> For more on how purposeful leadership and personal change drive culture change in organizations, see Rose Gailey and Ian Johnston, Future-Focused: Shape Your Culture. Shape Your Future, Chicago: Networlding Publishing, 2021.

By letting go, he was able to step up and take on a cross-company client relationship role, which was the beginning of a larger set of shifts on the leadership team including the formation of a small, central team focused on the transformation to a customer-centered model and a shared purpose to meet the new goals and ambitions.

At a pharmaceutical company formed through a merger, several leaders of similar workstreams were brought together to determine how their work could contribute to the strategic goals of the new organization. But most of the leaders saw their role on this joint team not as an opportunity but as the price they had to pay for maintaining their other leadership role. It took a push from the new CEO to focus on the market opportunities—and competitive threats—in their area to convince the displeased leaders to work together to set a direction, goals, and accountability for reaching those goals. With that newly aligned shared purpose and an understanding of what each team member brought to the team, the leaders were able to push forward together a new culture of collaboration, communication, and talent development, actively seeking input from each other to improve and accelerate their outcomes.

A diverse range of perspectives and capabilities are more essential to business success than ever. Companies that develop their leaders with the notion that their success depends on all the players working as a team will give themselves a running start on not only developing but retaining the leaders they need now and in the future.<sup>4</sup>

<sup>4</sup> To evaluate the factors that are helping or hindering the acceleration of your team's performance, see the <u>Team Accelerator Questionnaire</u>, heidrick.com.

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